



MANDALAY RESOURCES ANNOUNCES PURCHASE OF THE CHALLACOLLO SILVER PROJECT IN NORTHERN CHILE FROM SILVER STANDARD RESOURCES

TORONTO, ON, December 20, 2013 – Mandalay Resources Corporation (“Mandalay” or the “Company”) (TSX: MND) is pleased to announce that it has signed a definitive purchase agreement (the “Purchase Agreement”) with Silver Standard Resources, Inc. (“Silver Standard”) (NASDAQ: SSRI) (TSX: SSO) to acquire the past-producing Challacollo silver property (the “Project”) in Region 1, Northern Chile by purchasing all of the shares of Silver Standard’s wholly-owned subsidiary Minera Silver Standard Chile S.A. (“MSSC”).

As part of the due diligence process, Roscoe Postle Associates Inc. (“RPA”) has estimated a new and independent NI 43-101-compliant Mineral Resource for the Project, containing approximately 8 million ounces of silver in the Indicated Resource category and approximately 25 million ounces of silver in the Inferred Resource category.

Brad Mills, CEO of Mandalay commented, “The acquisition of the Challacollo silver project is a significant growth step for Mandalay and represents an excellent addition to our portfolio of assets in Australia and Chile. With its well established resource, existing mine infrastructure, significant exploration potential and a two- to three-year timeline to production, Challacollo meets all of Mandalay’s acquisition criteria. The terms of the acquisition include a similar mix of cash, shares, deferred metal-denominated payments and royalty payments that we have used successfully in previous acquisitions. The purchase represents a headline value of approximately US\$15.8 million based on Mandalay’s recent share price of CAD\$0.74/share. Further, deferred consideration of five million shares and the cash equivalent of 30,000 ounces of silver per quarter for eight quarters are contingent on commercial production, thus reducing the acquisition risk to Mandalay. We also welcome Silver Standard as a shareholder of Mandalay and their vote of confidence in both Mandalay and the project by taking Mandalay shares as a significant component of the consideration for the transaction.”

The Transaction:

The Purchase Agreement provides that Mandalay will purchase all of the issued and outstanding shares of MSSC in exchange for consideration of:

- US\$7.5 million in cash, payable on closing.
- 12 million common shares of Mandalay to be issued to Silver Standard on closing, valued at US\$8.3 million (CAD\$0.74/share at Dec. 19, 2013 close, using Bank of Canada exchange rate 1 CAD = .9367 USD for the same day).
- Five million common shares of Mandalay to be issued to Silver Standard at the end of the first quarter in which commencement of commercial production at the Project occurs.

- An aggregate cash payment equal to the equivalent of 240,000 ounces of refined silver, payable in eight quarterly installments equal to the cash equivalent of 30,000 ounces of refined silver per quarter, based on the average silver price for each such quarter, beginning with the quarter immediately following the quarter in which commencement of commercial production at the Project occurs.
- A 2% Net Smelter Returns royalty on silver sold from the Project in excess of 36 million ounces, with a cap/buyout of US\$5 million.

Completion of the transaction is subject to a number of customary conditions, including the receipt of applicable stock exchange approvals. The transaction is expected to close in the first quarter of 2014.

Mandalay's advisors for the transaction include Goodmans LLP (Canadian legal counsel), Philippi, Yrarrázaval, Pulido & Brunner (Chilean legal counsel) and Roscoe Postle Associates Inc. (technical). Mandalay also completed its own internal geology and exploration review of the Project. As part of its engagement, RPA is preparing a NI 43-101-compliant Technical Report on the Project, which will be filed on www.sedar.com and Mandalay's website www.mandalayresources.com within 45 days of this press release.

About the Challacollo Property:

Challacollo is an epithermal silver deposit located in Region I, Northern Chile. It is centered approximately 130 kilometres ("km") southeast of the major port city of Iquique. The Pan-American Highway passes 30 km west of the property. Power transmission lines are located 15-30 km from the property, in part to service nearby mines such as Collahuasi and Quebrada Blanca. The Project includes water rights.

The Project is situated within a metallogenic belt which parallels the northern Chilean coastline that includes the Cerro Colorado porphyry copper deposit and the El Peñon epithermal gold deposit. Silver mineralization on the property is hosted in the Cretaceous Challacollo volcanic complex of intermediate to silicic volcanic rocks and associated sedimentary rocks that dip gently to the southeast. Mineralization is contained in a system of northeast- to north-trending epithermal quartz-carbonate-barite veins that have been oxidized to a depth of at least 250 metres ("m"). The largest of these veins is the Lolón Vein, which is more than 3.5 km in length and contains the entire estimated Mineral Resource. The width of the vein exposed in workings and drill holes varies from 2 m to 30 m and has an average width of 9 m within the drilled length of the vein. Exploration potential exists for strike extensions of the Lolón Vein in both directions, as well as for similar, subparallel veins. Veins cropping out to the northwest of the Lolón Vein are interpreted to represent deeper exposures of the tilted terrane, possibly below favourable mineralization-forming depths; veins cropping out to the southeast are interpreted to represent shallower exposures, possibly above favourable mineralization-forming depths. These latter veins have not been drilled previously and represent excellent targets for exploration.

Silver has been produced from the Challacollo district since colonial times by artisanal miners. Underground mining with rubber-tired equipment and complemented variously by direct shipping, flotation and agitation leach processing has also been used to extract and process approximately 250,000 tonnes (t) of material from the Project, with average grades of 660

grams/tonne (g/t) silver and 1.43 g/t gold prior to December 1980, and approximately 70,000 t during the 1988-1990 period.

New Mineral Resource Estimate:

Mandalay commissioned RPA to complete a new mineral resource estimate for the Project based on drilling and underground face sampling completed by Silver Standard. The resource estimate, dated December 16, 2013, was prepared using a block model constrained with 3D mineralization wireframes. Values for silver and gold were interpolated into blocks using inverse distance cubed. RPA estimated the following Measured, Indicated, and Inferred Resources contained in the Lolón Vein:

	Million Tonnes	Ag g/t	Au g/t	Ag Moz	Au oz
Measured	-	-	-	-	-
Indicated	1.03	242	0.40	8.0	13,400
Inferred	4.0	193	0.32	24.9	41,200

Notes:

1. CIM definitions were followed for classification of Mineral Resources.
2. Mineral Resources are estimated at a silver equivalent (AgEq) cut-off grade of 110 g/t.
3. Mineral Resources are estimated using a silver price of US\$24/oz and a gold price of US\$1,400 per ounce.
4. High silver and gold assay values were capped to 700 g/t Ag and 3.0 g/t Au, respectively.
5. Rock density of 2.4 g/cm³ was used.
6. The silver equivalent equation is $AgEq = g/t Ag + 63.97 * g/t Au$.

Chalcollo Development Plan:

Mandalay intends to begin a feasibility study for the Project promptly upon closing of the transaction and anticipates that the study will be completed by the end of 2014.

As well, Mandalay intends to begin the permitting process with collection of critical baseline data starting as soon as possible after close and continuing on to preparation of the permit applications as soon as key information is available from the feasibility study. Subject to receiving a positive feasibility study and permits, the Company's goal is to begin production at the Project within three years of closing.

The Company will provide an update on the Chalcollo development plan in the first quarter of 2014.

Qualified Person:

Luke Evans, M.Sc., P.Eng, RPA Executive Vice President, Geology and Resource Estimation, a Qualified Person under NI 43-101, prepared the mineral resource estimate on which this press release is based and has approved the technical information in this release. The complete Technical Report supporting the estimate will be published on the Mandalay website (www.mandalayresources.com) and on www.sedar.com within 45 days of this release.

For Further Information:

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About Mandalay Resources Corporation:

Mandalay Resources is a Canadian-based natural resource company with producing gold-antimony assets in Australia and silver-gold assets in Chile as well as exploration projects in Chile. Mandalay's 2013 production guidance is 2.8–3.1 million ounces of silver, 38,000–46,000 ounces of gold and 2,800–3,000 tonnes of antimony. The Company is profitable and pays a quarterly dividend of 6% of trailing quarterly revenue.

About Silver Standard Resources Inc.:

Silver Standard Resources is a Vancouver-based mining company with assets throughout the Americas. It is listed on the Toronto Stock Exchange (TSX: SSO) and on the NASDAQ Global Market (NASDAQ: SSRI). The Company owns and operates the Pirquitas mine in Jujuy, Argentina, which is one of the largest primary silver mines in the world. Pirquitas achieved commercial production in December 2009. In 2012, the mine produced 8.6 million ounces of silver, exceeding production guidance for the year, and is expected to produce approximately 8.0 million ounces of silver in 2013. Silver Standard also has two wholly-owned feasibility stage projects, Pitarrilla in Mexico and San Luis in Peru.

Forward-Looking Statements:

This news release contains "forward-looking statements" within the meaning of applicable securities laws, including statements relating to the proposed transaction and its terms, the Challacollo development plan, the anticipated timing of a feasibility study for Challacollo and the growth and strategy of Mandalay following completion of the transaction. Readers are cautioned not to place undue reliance on forward-looking statements. Actual results and developments may differ materially from those contemplated by these statements depending on, among other things, risks that the parties will not proceed with the proposed transaction, that the ultimate terms of the proposed transaction will differ from those that currently are contemplated, that the proposed transaction will not be successfully completed for any reason, that exploration results at Challacollo may not meet management's current expectations, Mandalay's ability to secure additional financing, changes in commodity prices and general market and economic conditions. The factors identified above are not intended to represent a complete list of the factors that could affect Mandalay. A description of additional risks that could result in actual results and developments differing from those contemplated by forward-looking statements in this news release can be found under the heading "Risk Factors" in Mandalay's annual information form dated March 27, 2013, a copy of which is available under

Mandalay's profile at www.sedar.com. In addition, there can be no assurance that any inferred resources that are discovered as a result of additional drilling will ever be upgraded to proven or probable reserves. Although Mandalay has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.